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WEALTH MANAGEMENT GROUP, LLC



QUARTERLY UPDATE WINTER 2025

Focusing on What Matters in 2025

As we continue in 2025, life and world events can contribute to feelings of uncertainty and a loss of control. However, it's crucial to remember that while external factors may be beyond our direct influence, our response is entirely within our control. By focusing on the aspects of our lives that we can influence – our daily habits, our relationships, our personal growth – we can cultivate a sense of control and resilience.

We encourage you to make time to prioritize happiness and time for activities that bring you purpose, nurture meaningful connections, and cultivate a sense of gratitude. By actively choosing joy and focusing on what truly matters, we can navigate uncertainty with grace and emerge stronger than ever before.

2 Congratulations
Jennifer Webster!

2-3 Market Update
2025 Outlook

4 Shred the Past,
Plant the Future!



We are thrilled to announce that Jennifer Webster has been promoted to Vice President of People & Operations!

Jennifer's passion for human resources, dedication to organizational excellence, and commitment to fostering a thriving workplace culture make her an invaluable leader.

With a PhD from Oregon State University, an MBA from Webster University, and a B.S. from George Mason University, Jennifer brings a wealth of knowledge and expertise to our team.

She also holds multiple industry certifications, including those from SHRM (Society for Human Resource Management) and ATD (Association for Talent Development), underscoring her dedication to continuous learning and professional growth.



Fourth Quarter Summary

For the markets, 2024 ended on a high note! The Large US Company Index (S&P 500) rose to an all-time high in the fourth quarter, further extending gains for the year. The index logged a modestly positive return for the quarter, but an annual return greater than 20% for the second straight year, which hasn't happened since the late 1990s!

2024 was a very strong year for the broad markets as the Fed seemingly achieved a soft economic landing and aggressively cut interest rates, while foreign and domestic political risks and drama failed to fully derail the rally.

Fourth Quarter Performance Review

All four major U.S. stock indices finished the quarter with a positive return. The Nasdaq was the best performing major index in the fourth quarter due in part to earnings-driven AI enthusiasm. For the full year, the Nasdaq was also the best performing major index, although it only slightly outperformed the S&P 500, as that index benefited from the large weightings to tech stocks and financials. The Dow Industrials and Russell 2000 both finished the year with solid gains, just not as great as the other two indices.

By market capitalization, large caps outperformed small caps in the fourth quarter and for the full year, thanks mostly to strength in large-cap tech stocks. Small caps did see a solid rally

initially in the fourth quarter, but the Fed's guidance to fewer rate cuts in 2025 weighed on small caps later in December and the Russell 2000 finished the quarter with only a slight gain.

2024 was a very strong year for the broad markets.

From an investment-style standpoint, growth companies significantly outperformed value companies, both in the fourth quarter and for the full year. On a sector level however, only four S&P 500 sectors finished the quarter with a positive return, even though all 11 sectors ended 2024 with gains. The Consumer Discretionary sector was, by far, the best performing sector in the fourth quarter thanks in part to low unemployment, the prospect of tax cuts, and other pro-growth measures coming in 2025. For the full year, Communication Services and Financials were the best performing sectors, both benefiting from strong earnings as well as general AI enthusiasm and an un-inversion of the yield curve, respectively.

And what were the worst sector performers for 2024? Materials and Healthcare both underperformed. Concerns about regulation and poor earnings results weighed on the Healthcare sector. Materials experienced consistent pressure with concerns about the Chinese economy, tariff and trade risks, along with global demand concerns.



Internationally, foreign markets underperformed the S&P 500 in the quarter and produced solidly negative returns thanks to lackluster growth prospects and bouts of political uncertainty in developed and emerging markets. For the full year, foreign markets lagged the S&P 500 but did finish with modestly positive returns. Emerging markets outperformed developed markets on a full-year basis, thanks to Chinese stimulus announcements in the second half of 2024.

US Equity Indexes	Q4 Return	2024 Return
S&P 500	2.41%	25.02%
DJ Industrial Average	0.93%	14.99%
NASDAQ 100	4.93%	25.88%
S&P MidCap 400	0.34%	13.93%
Russell 2000	0.33%	11.54%

Source: YCharts

Switching to fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a moderately negative return in the fourth quarter as concerns about U.S. federal deficits combined with expectations for fewer rate cuts in 2025 applied pressure to bonds. For the year, however, the benchmark did log a slightly positive gain.

Looking deeper into fixed income, longer-duration bonds declined in the fourth quarter while shorter-duration debt logged a small positive return. The same performance difference between these two marked the full-year return, thanks in part to the start of the Fed rate cutting cycle.

While the outlook for markets is positive for 2025, we won't allow that sentiment to create complacency.

Turning to the corporate bond market, high-yield bonds outperformed higher-quality but lower-yielding investment grade debt in the fourth quarter. The election results boosted investor confidence for continued economic growth, resulting in investors accepting higher yields in exchange for greater risk. For the full year, high-yield bonds logged a healthy positive return while investment-grade bonds were only slightly positive.

First Quarter & 2025 Market Outlook

Markets begin 2025 with the anticipation of tax cuts, pro-business deregulation, a continued economic soft landing, and ongoing Fed rate cuts. If executed, those policies should result in increased corporate earnings, personal incomes and spending – all of which are positive for stocks. Plus, unemployment is historically low and inflation has declined substantially. With these growth metrics in place, investors expect interest rate cuts to continue in 2025 and further support economic advancement.

Based on expectations, we should see another relatively strong year of returns. However, nothing in the markets is guaranteed. While the outlook is positive as we begin 2025, there are still risks. These include

complicated tax cut bills, economic slowdown, trade tensions, tariff issues, and global conflict – all of which can cause economic and market volatility.

Bottom line, while the outlook for markets is positive for 2025, we won't allow that sentiment to create complacency. As the past several years have shown, markets and the economy don't always perform according to Wall Street's expectations. As such, we are focused on managing both risk and return potential. As the past few years have demonstrated, a well-planned, long-term, and diversified financial plan can withstand virtually any market surprise.

At Financial Freedom Wealth Management Group, we understand the opportunities and risks facing both the markets and the economy. Any intense volatility is unlikely to alter a diversified approach set up to meet your long-term investment goals. We thank you for your ongoing confidence and trust. Know that our entire team remains dedicated to helping you successfully navigate this market environment and your financial future. **Please contact us with any questions, comments, or to schedule a financial check-in.**

SHRED THE PAST, PLANT THE FUTURE!

Mark your calendars for our client shredding event! Bring your outdated confidential documents for secure shredding and leave with a complimentary potted plant to brighten your home or office.

Join Us!

When: May 1st from 1:00-4:00 p.m.

Where: Our Salem location at
1124 Cornucopia St NW, Suite 101
Salem, OR 97304



Complimentary Consultation!

If you are not a client with us yet, we would like to offer you a one-hour, complimentary, private consultation with one of our Financial Advisors. To schedule, please call us at 458.777.4458 and someone from our team will be happy to assist you!

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

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